

Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 02119 112236Z

66

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 L-03 CIAE-00 COME-00 DODE-00

FMC-04 INR-10 NSAE-00 RSC-01 CG-00 COA-02 DLOS-06

DOT-00 EUR-25 DRC-01 /080 W
----- 062759

R 112035Z MAR 74

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 2983

LIMITED OFFICIAL USE CARACAS 2119

PASS R. GAGE, MARITIME ADMINISTRATION

E.O. 11652: N/A

TAGS: ETRN, VE, IT

SUBJECT: ITALIAN-VENEZUELAN SHIPPING DISPUTE

REF: A. STATE 32968; B. ROME 3277

1. IN MARCH 1963, ITALY PASSED LAW WHICH PROVIDES FOR MANDATORY LICENSING ALL IMPORT AND EXPORT SHIPMENTS WHICH MAY BE INVOKED AGAINST ANY FOREIGN COUNTRY WHOSE POLICIES AND LEGISLATION DISCRIMINATE AGAINST ITALIAN MERCHANT MARINE OR MARITIME TRAFFIC. STRICT APPLICATION THIS LAW RESULTS HARDSHIPS TO BOTH VESSELS AND CARGO INTERESTS THROUGH ADDITIONAL EXPENSES AND DELAYS. THEREFORE LAW PREVIOUSLY INVOKED ONLY UNDER UNUSUAL CIRCUMSTANCES AGAINST COUNTRIES, SUCH AS ARGENTINA, WHOSE MARITIME POLICIES RESULTED TO DETRIMENT OF ITALIAN TRADE AND COMMERCE.

2. IN JULY, 1973, VENEZUELA PASSED LAW FOR THE PROTECTION AND DEVELOPMENT OF THE NATIONAL MERCHANT MARINE. UNDER THIS LAW, AT LEAST 50 PERCENT ALL CARGOES (EXCEPT CERTAIN LIQUID AND DRY BULK CARGOES) REQUIRED MOVE IN VENEZUELAN BOTTOMS. ACCORDING TO ITALIAN EMBASSY SPOKESMAN, IN PAST VENEZUELAN LAW REQUIRED 100 PERCENT OF ALL CARGOES MOVING BETWEEN VENEZUELA AND ITALY BE CARRIED IN VENEZUELAN VESSELS, BUT SINCE VENEZUELA HAS NO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 02119 112236Z

SHIPS IN VENEZUELAN/ITALIAN TRADE, A POOLING ARRANGEMENT WAS

CONCLUDED WHEREBY CAVN (VENEZUELAN NATIONAL FLAG STEAMSHIP COMPANY) RECEIVED 50 PERCENT OF REVENUE FROM ALL CARRYINGS IN SUBJECT TRADE EVEN THOUGH NOT A POUND OF CARGO WAS CARRIED BY CAVN. WITH PASSAGE OF NEW VENEZUELAN LAW IN JULY, 1973, AND EXPANSION OF CAVN FLEET, TWO CAVN VESSELS WERE ASSIGNED TO TRADE BETWEEN ITALY AND VENEZUELA AND CAVN APPLIED FOR MEMBERSHIP IN MEDITERRANEAN CONFERENCE IN HOPES OF BEING GRANTED A 50 PERCENT SHARE OF ALL COMMERCIAL CARGOES MOVING BETWEEN THE TWO COUNTRIES: VENEZUELAN GOVERNMENT CARGOES WOULD NOT BE SUBJECT TO ARRANGEMENT BUT WOULD BE CARRIED EXCLUSIVELY BY CAVN ACCORDING TO CAVN. CONFERENCE MEMBERSHIP ORIGINALLY AGREED TO CAVN APPLICATION OFFERING THEM 12 PERCENT OF TOTAL COMMERCIAL CARRYINGS WHICH VENEZUELAN CARRIER REFUSED TO ACCEPT. IN NUMBER OF SUBSEQUENT OFFERS CONFERENCE OFFERED UP TO 20 PERCENT OF COMMERCIAL CARRYINGS WHICH WAS ALSO REFUSED BY CAVN. APPARENTLY CAVN MIFFED BY REFUSAL OF CONFERENCE TO OFFER GREATER SHARE THAN 20 PERCENT BECAUSE THE VENEZUELAN CARRIER DECIDED TO GO IT ALONE RATHER THAN SUBMIT TO TERMS OF CONFERENCE MEMBERSHIP.

3. IN MEANTIME, WITH PASSAGE OF VENEZUELAN PROTECTION AND DEVELOPMENT LAW ITALY ACTIVATED ITS 1963 LAW AGAINST VENEZUELA WHICH LAW REQUIRED ALL SHIPMENTS IN TRADE BE LICENSED. THIS ACTION ON PART OF GOI APPARENTLY SUCH A BLOW TO VENEZUELA THAT ITALIAN CHARGE D'AFFAIRS HERE CALLED IN FOR DISCUSSIONS WITH VENEZUELAN MINISTRY FOREIGN AFFAIRS. THE GOV WAS WILLING TO NEGOTIATE; HOWEVER, IT DID NOT APPRECIATE NEGOTIATING WITH A "DAGGER" AT ITS THROAT." BUT ITALY REFUSED TO SUSPEND APPLICATION OF ITS LAW DURING NEGOTIATIONS WHICH CONTINUED.

4. NEGOTIATIONS BROUGHT ABOUT BY ITALIAN RETALIATORY MEASURES RESULTED AGREEMENT ESTABLISH 50-50 POOLING ARRANGEMENT APPLICABLE ALL CARGOES, GOVERNMENT AND COMMERCIAL, MOVING BETWEEN VENEZUELA AND ITALY. ITALY THEN SUSPENDED OPERATION OF ITS LAW REQUIRING LICENSING OF SHIPMENTS, WHICH HAD BEEN REACTIVATED FOR SEVERAL MONTHS.

5. AGREED-TO POOLING ARRANGEMENT HAS YET TO BE APPROVED BY CONFERENCE OR GOV. CURRENTLY NO REASON BELIEVE THAT CONFERENCE WILL WITHHOLD APPROVAL, FOLLOWING WHICH GOV EXPECTED TO GRANT ITS APPROVAL.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 02119 112236Z

6. SPOKESMAN EXPRESSED VIEW THAT APPARENTLY GOV SATISFIED WITH ARRANGEMENT ALTHOUGH CAVN WOULD HAVE PREFERRED CARRYINGS UNDER AGREEMENT BE LIMITED VENEZUELAN COMMERCIAL (NOT GOVERNMENT) CARGOES. IN VIEW CONDITIONS UNDER WHICH AGREEMENT NEGOTIATED PERHAPS GOV HAD NO ALTERNATIVE BUT TO ACCEPT TERMS.

MCCLINTOCK

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, SHIP REGISTRY, DISPUTE SETTLEMENT, NEGOTIATIONS, STEAMSHIP LINES, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA02119
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740354/aaaabyii.tel
Line Count: 115
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. STATE 32968; B. ROME 3277
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 MAY 2002 by boyleja>; APPROVED <11 JUN 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITALIAN-VENEZUELAN SHIPPING DISPUTE
TAGS: ETRN, VE, IT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005